

20 May 1959

MEMORANDUM FOR: Marion Boggs
Director, Policy Coordinating Secretariat

SUBJECT : Amendments to South Asia Discussion Paper,
14 May 1959 Draft

1. We regard Treasury's dog-in-the-manger attitude on this paper as really designed to sabotage the exercise rather than a genuine reservation with respect to economic data. Hence, we are inclined, since some of our data has been called into question, to be rather sticky about ~~what~~ they put in. Ergo, would you inform the Chairman that we would like to have paragraph 3, line 6 point out how far back this five billion dollars figure goes, i.e. is this ever since the war? We would ask the same question with respect to the table. Furthermore we would like the footnote on page 3 to point out that about half the three billion dollars in US assistance to South Asia has been in the form of surplus commodities. We also are strongly insistent on the sentence in the paragraph about the Indian estimate of the uncovered foreign exchange gap in the Third Five Year Plan (presumably the version which Bartlett proposed on Tuesday).

2. As far the amendments we are requested to provide, we recommend insertion at the end of paragraph 3:

"As for India's political and social life, divisive regional, linguistic, caste and religious courses still exist, despite Nehru's partly successful efforts to eradicate them. The cohesive and popular appeal of the Congress Party is gradually deteriorating with no alternative unifying force other than the Communists in sight. In Pakistan, little sense of identity exists as yet between the vastly different eastern and western parts of

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the country. Ceylon suffers from governmental instability and Tamil-Sinhalese differences. In Afghanistan tribal and religious factors remain potent obstacles to the evolution of a modern state."

3. Add to footnote at bottom of page 2:

"Since 1954 the Bloc has extended \$541.2 million in credits and grants to South Asian countries, all for economic projects except for \$32.4 million to Afghanistan for military purchases."

4. Incidentally the Treasury portion of this footnote should include the date of the beginning of Free World aid programs, i.e. are the Treasury figures accumulated from 1945, 1949, 1954 or what?

5. Attached is a copy of a memorandum to me giving a tabular presentation of Bloc assistance to South Asia.

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R. W. KOMEI

ODDI:RWK:jts

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